

## **SECTION II**

### **RENTERS, HOMEBUYERS AND HOMEOWNERS – NEEDS & STRATEGIC PLAN**

This section of the Consolidated Plan addresses the needs of renters, homebuyers and homeowners in the City with incomes at or below HUD's middle-income limits (see Table A). Housing and supportive services needs for homeless persons and those threatened with homelessness and for persons with special needs (including the elderly, persons with disabilities and persons living with HIV/AIDS) are discussed in Sections III and IV. Non-housing community development needs are discussed in Section V.

#### **■ II.A Rental and Ownership Housing Market Analysis**

The following housing market analysis describes the current status of the City's rental and ownership housing market, addressing issues related to housing supply, demand, condition and cost, as well as providing information on the City's existing public and assisted housing stock.

##### **II.A.1 Housing Supply and Demand**

The City's Department of Planning and Zoning estimates that the number of housing units in the City (including 3,276 units of publicly and privately-owned assisted rental housing with project-based subsidies) totaled 68,782 as of July 2004, an increase of 7.1% over the 2000 total. The 2004 estimate includes 21,420 single-family homes; 15,303 multi-family condominium units; and 32,059 rental apartments. The supply of rental housing in Alexandria is substantial. While just over 46% of the City's housing stock was built as rental housing, as of June 2003, an estimated 41,042 (or 62%) of the 66,318 occupied units in the City at that time were renter-occupied. The supply of housing in the ownership market has been less plentiful. As of June 2003, only 38% of the City's housing stock was owner-occupied. Due to the number of rental complexes in the City converting to condominium status, the proportion of owner-occupied housing will increase during the early part of the Consolidated Plan period. As of April 2005, 2,365 units were slated for conversion, with more conversions likely to occur over the next year.

The demand for both rental and ownership housing in Alexandria is high. Though the City's January 2004 Apartment Vacancy and Market Rent Survey indicates that the vacancy rate among market-rate rental units (in rental properties with ten or more units) was 5.2%, an increase 1.4% over the 2001 vacancy rate, this rate is still below the 6% level by which HUD has previously identified a tight market for its Mark to Market Program and is expected to decrease as units are taken out of the rental market in connection with the condominium conversions mentioned above and as recently constructed rental units are absorbed into the market. With regard to ownership housing, the average single-family and condominium home sales prices in the City indicate that demand for sales housing is high. According to data maintained by the Northern Virginia Association of Realtors, the average single-family and condominium sales prices rose from \$371,232 and \$152,395 respectively in 2001 to \$586,719 and \$309,021 as of

January 2005. High demand for ownership housing in the D.C. metropolitan region as a whole has been driven in part by significant job growth in Northern Virginia, and by low mortgage interest rates, which have also facilitated the increase in sales prices, as lower interest rates enable buyers with the same income to pay more for a home than they would have otherwise been able to afford.

In addition to the general demand for housing, there is ongoing demand for affordable sales and rental housing, as indicated by the number of households on waiting lists for public housing and/or Section 8 housing assistance (see Section II.A.3. below), as well as by the number of prospective homebuyers, many of which are low- and moderate-income, participating in the City's annual Homeownership Fair (668 persons in City FY 2004) and in homeownership training offered by the City's Office of Housing (425 households in City FY 2004).

Though information is not available on the number of single-person renter versus single-person homeownership households in the City, the 2000 U.S. Census indicates that at the time of the Census, approximately 43% of all City households (or 26,880 households) were single-person households. With regard to large households, the 2000 U.S. Census indicates that 6% of all renter households in the City at the time of the Census (or 2,317 households) and 4% of the City's ownership households (or 1,107 households) consisted of five or more related persons, meeting HUD's definition of large family. According to 2000 U.S. Census data, at the time of the Census, there were at least 11,396 two-bedroom, 3,593 three-bedroom, 409 four-bedroom and 62 five- or more bedroom rental units in Alexandria. At the time of the 2000 U.S. Census, there were also 7,897 two-bedroom, 9,354 three bedroom, 3,406 four-bedroom and 818 five- or more bedroom ownership housing units in the City. Depending on size and configuration, two- and three-bedroom units may be suitable for larger households. The affordability of available rental and ownership housing for all lower-income City residents, including single-persons and large families, is discussed in Section II.A.4 below.

## **II.A.2      Condition of the Housing Stock and Overcrowding**

At the time of the 2000 U.S. Census, 55% of the City's overall housing stock had been built prior to 1960 and just over 10% of the City's housing had been built prior to 1940. The age of a jurisdiction's housing stock is typically an indicator of its maintenance and repair needs. Despite the age of the City's housing stock, the 2000 U.S. Census estimates that at the time of the Census only 301 residential units in the City (of which 48 were owner-occupied, 247 were renter-occupied and the remaining six were unoccupied) were in substandard condition (i.e., the units lacked complete plumbing facilities), indicating that less than 1% of the City's housing stock is substandard.

This data is supported by local inspection results. The City's Code Enforcement Bureau uses the following definition for Spot Blight cases: building(s) which, by reason of dilapidation, obsolescence, overcrowding, lack of ventilation, light or sanitary facilities, or excessive land coverage, or any combination of these or other factors, is detrimental to the health, safety and welfare of the community. Using that definition, the HUD designation of a substandard

condition could be characterized in Alexandria as having such structural deficiencies that it is beyond rehabilitation, while a substandard condition but suitable for rehabilitation could be rehabilitated. In Alexandria, all the buildings with substandard conditions currently fall into the category that allows for rehabilitation. As of March 1, 2005, Alexandria's Code Enforcement Bureau had identified only 30 residential units as substandard and unfit for human habitation. Of these 30 units, 26 were single family homes and 4 were in multifamily developments. The City expects all the buildings to be rehabilitated. Although the City has routinely inspected multifamily rental units of property owners who own five or more dwellings or dwelling units, single-family properties have been inspected only when there has been probable cause or reason to believe that an unsafe condition may exist. As a result, there is currently little available data on code violations in most of the single-family properties in the City.

For information specifically on the condition of the City's Public Housing stock, please refer to Section II.A.3 below.

The 2000 U.S. Census shows that at the time of the Census, only 2% of all owner-occupied units in the City (or 591 units) had more than 1.01 occupants per room, the Census measure of overcrowding, indicating a low rate of overcrowding for homeowner households. Data from the 2000 U.S. Census reveals that at the time of the Census, approximately 12% of all renter-occupied units in the City (or 4,533 renter-occupied units) had more than 1.01 occupant per room, indicating that problems related to overcrowding may be more prevalent for renter households.

### **II.A.3      Existing Public and Assisted Housing**

The City's assisted housing stock is comprised of housing that has been subsidized using federal, state and/or local monies to ensure long-term affordability. This section provides an inventory of all existing assisted rental housing in the City, as well as detail (as required by HUD) on the City's public housing stock. For information on assisted housing for special needs populations, please refer to Section IV. below.

#### **Public and Assisted Housing Inventory**

Assisted Housing - Table C below provides an inventory of the City's project-based assisted housing stock and includes information on the income levels and household types targeted for assistance. As shown, there are currently 3,276 affordable rental units in the City with project-based subsidies. Of these, 889 are subsidized under the Public Housing Program and 261 are replacement public housing units subsidized under the Low Income Housing Tax Credit (LIHTC) or Section 8 Moderate Rehabilitation and New Construction Programs. These 1,150 public and replacement public housing units are operated by the Alexandria Redevelopment and Housing Authority (ARHA). The remaining 2,126 rental units in the City with project-based assistance are privately-owned units subsidized under the LIHTC, Tax-Exempt Bond, Section 236 and Section 8 Moderate Rehabilitation and New Construction Programs, Developer Rental

Set-Asides and/or with state or local funds. Figure 5 below shows the location of all rental units in the City with project-based assistance.

TABLE C

<b>Inventory of Existing Assisted Housing with Project-Based Assistance (as of February 2005)<sup>4</sup></b>			
	<b># of Units Available</b>	<b>Target Income(s)</b>	<b>Household Type Served</b>
<b>Public Housing<sup>5</sup></b>	889	at or below HUD Moderate-Income Limits ( <i>currently \$58,000 for a four-person household</i> )	Elderly/Disabled Households - 208 Family Households - 681
<b>Project-Based Section 8<sup>6</sup></b>	1,151	same as Public Housing	Elderly/Disabled Households - 390 Family Households - 761
<b>Low Income Housing Tax Credit (LIHTC) and Tax Exempt Bond Programs<sup>7</sup></b>	1,164	at or below 60% of Area Median Income ( <i>currently \$53,580 for a four-person household</i> )	Includes households of all sizes and types
<b>Section 236</b>	24	same as Public Housing	Single-Person and Family Households
<b>Developer Rental Set-Asides</b>	12 (Available May 2005)	at or below 60% of Area Median Income ( <i>currently \$53,580 for a four-person household</i> )	Includes households of all sizes and types
<b>Local and/or State Subsidy</b>	36	varies, but at least below HUD moderate-income limits ( <i>currently \$58,000 for a four-person household</i> )	Includes households of all sizes and types
<b>Total City Units with Project-Based Assistance</b>	3,276		

Section 8 Housing Choice Voucher Program - A total of 1,722 tenant-based Section 8 Housing Choice Vouchers and 10 Housing Opportunities for Persons with AIDS (HOPWA) vouchers, administered by ARHA, are also available to subsidize rental housing costs for low- and moderate-income renters in the City. This total excludes 26 vouchers used as project-based vouchers at New Brookside, which have been counted in Table C under "Project-Based Section 8."

<sup>4</sup> Please note, assisted housing listed in this table does not represent the full extent of the City's affordable housing stock, which includes privately-owned units that do not receive any form of subsidy. Please see Table F for information on overall affordable housing available in the City. For information on assisted housing for special needs populations, see Sections III, IV and V.

<sup>5</sup> The City's 261 replacement public housing units are not counted in this table under Public Housing. Of these 261 units, 201 have been counted under the Project-Based Section 8 category and 60 have been counted under the LIHTC and Tax-Exempt Bond Programs category.

<sup>6</sup> Includes 87 units also subsidized under the Tax Exempt Bond Program that are not counted in this table under that category.

<sup>7</sup> Includes 738 units subsidized under both the LIHTC and the Tax-Exempt Bond Program; 60 units that received LIHTC in conjunction with an ARHA subsidy; 338 units subsidized with Tax Exempt Bonds only; and 28 units that were subsidized using LIHTC in conjunction with local funds. These last 28 units have not been counted in this table under the Local and/or State Subsidy category.

# Locations of Assisted Rental Housing



Figure 5

### **Anticipated Loss of Public and Assisted Housing Units**

As described in more detail in Section VII below, under Resolution 830, the City and ARHA are committed to maintaining 1,150 units of public and replacement public housing in Alexandria. While no loss of public housing units is therefore expected during the period covered by this Consolidated Plan, 111 public housing replacement units (Hopkins-Tancil Courts) will be subject to annual renewal under the Section 8 Moderate Rehabilitation Program and the compliance period for 60 public housing replacement units subsidized under the Low Income Housing Tax Credit (LIHTC) Program (Quaker Hill) will end in 2006.

It is the City's goal to preserve all existing assisted rental housing units by encouraging continued participation in subsidy programs. Whenever private entities that own and operate assisted rental housing in the City will have the option to remove units from the City's assisted rental housing stock during the Consolidated Plan period, the City will seek the preservation of these units as assisted housing through negotiations with property owners. There are 423 such units, subsidized with project-based Section 8 under the Mark Up to Market program, for which the subsidy contract will expire in late 2005. The City has initiated discussions with the owner and is hopeful about the prospects for renewal. There are no other anticipated losses of units assisted under the project-based Section 8, Section 236, or LIHTC programs. The status of several properties assisted solely with tax-exempt bonds is currently under review, with particular emphasis on one property with 80 affordable units that may be threatened during this period.

### **Public Housing and Section 8 Housing Choice Voucher Waiting Lists**

As of June 2004, there were 1,128 family households on the Public Housing and 1,384 family households on the Section 8 Housing Choice Voucher waiting lists. Approximately 91% of the households on the Public Housing waiting list and 87% of the households on the Section 8 Housing Choice Voucher waiting list had incomes at or below HUD's extremely low-income limits. Approximately 84% of all households on the Public Housing waiting list and 82% of those on the Section 8 waiting list were families with children. As of June 2004, the Public Housing waiting list had been closed for 19 months and the Section 8 Housing Choice Voucher waiting list had been closed for 36 months.

### **Public Housing Physical Condition and Revitalization Needs**

Because a substantial portion of Alexandria's public housing stock is over 40 years old, one of ARHA's high priorities is to improve the quality of life for its residents. ARHA is hiring a consultants to perform and complete Physical Needs Assessments, market studies, and appraisals. These assessments, in addition to subsequent input from the City's Code Enforcement Bureau and public housing residents, will form the basis of ARHA's five-year Capital Funds Program Plan, which staff will begin drafting in summer 2005. As indicated in ARHA's PHA Agency Plan for 2005-2009, which is available for review in Appendix III., ARHA anticipates the need to upgrade the sewer main system at Samuel Madden Homes

(Uptown), replace or repair roofs at scattered sites and repair balconies, handrails and drainage systems at Ladrey Highrise.

### **Public Housing and Accessibility for Persons with Disabilities**

In its 2002 Section 504 Needs Assessment, ARHA established a goal of increasing its percentage of accessible units to 5%, with an emphasis on multi-bedroom accessible units. ARHA further stated that the level of modernization work planned at ARHA developments along with the HOPE VI redevelopment of the Samuel Madden Homes should cause ARHA to exceed the full 5% Section 504 requirement. In its needs assessment, ARHA identified three properties- Jefferson Village, Andrew Adkins, James Bland in which it planned to provide one or multi-bedroom accessible units during substantial renovation, and also noted a goal of providing 21 accessible units through the HOPE VI redevelopment of the Samuel Madden Homes (Downtown). The planned unit at James Bland has been completed, and the one at Jefferson Village should be completed in September. The currently ongoing redevelopment of Samuel Madden Homes (Downtown) will add eleven accessible and ten adaptable units to ARHA's stock of public housing, bringing its overall public housing stock into compliance with HUD accessibility requirements. The addition of these accessible units will provide programmatic choice for accessible units in terms of both unit sizes and geographic distribution.

In its needs assessment ARHA stated that it is improving its transfer policies so that accessible units will not be underutilized. ARHA is also considering modifications to its annual recertification procedures to include an update of family status vis-a-vis the need for special features of a unit. Households that no longer require an accessible unit will be transferred (as required by HUD's Section 504 Final rule) in order to accommodate a new family who requires an accessible unit. In addition, ARHA is considering developing an annual form review of the Waiting List, time to coincide with the annual modernization planning cycle to identify unit distribution issues based on the number of bedrooms required by the household.

### **Public Housing and the Capital Funds Program**

As indicated in ARHA's PHA Agency Plan for 2005-2009, which is available for review in Appendix III, during the Consolidated Plan period, ARHA expects to utilize Capital Funds Program monies for Public Housing Program administration, including employee salaries and benefits and to undertake repair and renovation activities at public housing properties including the following: preventive maintenance; sidewalk and parking lot repairs; replacement of flooring, stair treads, trash cans and benches; repair or replacement of roofs and exterior lighting; remodeling of bathrooms; and replacement of gas-fired furnaces with central heating and air conditioning. More detailed information from ARHA on the properties that participate in the Capital Funds Program and on the proposed uses of Capital Funds Program monies is pending.

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## **Improving Public Housing Management and Operations**

The first 5-year plan for Housing Authorities was in 2000; 2006 begins a new 5-year planning cycle. The new 5-year plan will include a new HUD initiative promoting asset management, which is founded on the premise that real estate decisions must be made with full knowledge of the market in which one operates (or in which one would operate if rent subsidies did not exist). The analytical process in HUD's model begins with an assessment of the existing condition, including the market worth of its portfolio, the capacity of the organization itself, and the return on investment (ROI). The model creates a baseline market study and updates that study yearly to calculate a market value. The appraisals, along with the physical needs assessment, the organizational capacity and annual financial/operational indicators are used to calculate ROI. Market value is directly related to the cash flow the property does (or would) generate in the market (depending on whether rent subsidies exist for the property). This process of quantifying ARHA's existing condition is the first step in a larger process of relating where it is (existing condition) to where it wants to be (mission). After ARHA determines which of its properties are viable, ARHA will begin to re-tool the portfolio as needed.

One of the components of determining existing condition is to measure ROI. HUD suggests, as one approach to ROI, comparing the change in the property's market value from year to year with the amount of capital funds invested; this would be used in determining the priorities for capital fund grant dollars. The perspective should result in a capital investment strategy that targets scarce funds to those sites that will show the biggest "bump" in market value per dollar invested.

ARHA has modified its operations to include a dedicated vacant unit crew in order to get units made-ready and back on-line as quickly as possible. There is also a new Preventative Maintenance Crew whose responsibility it is to abate findings generated by semi-annual inspections. By putting preventative measures in place the agency is becoming more pro-active in its approach to asset management. This change in operations has resulted in a reduction in the number of resident generated (call-in) work orders.

The regular maintenance staff has been de-centralized with each technician being accountable for specific properties. Staff responds to work orders on the day they are received and quality control telephone surveys are conducted with residents to follow-up on the quality of service being provided.

Grounds keeping has been outsourced resulting in an improvement in the properties' appearance.



## Public Housing Resident Initiatives

ARHA will continue activities to encourage the participation of public housing residents in the management of public housing, to improve the quality of the living environment for public housing residents and to encourage public housing residents to become homeowners as follows:

- *Encouraging Resident Participation in Public Housing Management* - ARHA will continue to work with both the Alexandria Residents Council (ARC) and the Ladrey Highrise Advisory Board to address resident needs. In addition, ARHA will continue to promote resident input on annual and five-year Public Housing Authority (PHA) plans through the Agency Plan Residents' Advisory Board, which is comprised of public housing and Section 8 Housing Choice Voucher residents elected in an ARHA-wide election.
- *Improving the Quality of the Living Environment* - ARHA will use Capital Funds Program funds for physical and managerial improvements at public housing properties. Subject to available resources, ARHA will also implement safety and crime prevention measures at ARHA properties.
- *Public Housing Residents and Homeownership* - As indicated in ARHA's PHA Agency Plan for 2005-2009 (see Appendix III), ARHA plans to administer a Section 8 Homeownership Program for up to 25 households utilizing Section 8 Housing Choice Vouchers. In addition, should the City receive monies through HOME under the American Dream Downpayment Initiative (ADDI), targeted outreach on homeownership assistance would be conducted for public housing tenants as described in Section VII below.
- *Self-Sufficiency Initiatives* - The ARHA Family Self Sufficiency (FSS) Program was implemented in 1994. The FSS Program was one of several ARHA programs designed to promote economic stability among families who participated in the Section 8 Certificate/Voucher Program. Since the FSS Program requirements were established by HUD, ARHA is mandated to enroll 90 families into the FSS Program. Over 61 % of the FSS families have an escrow account. The primary goal of the FSS Program is to move families living in public and assisted housing towards personal and economic self-sufficiency and eliminate family dependence on government assistance. Through the combined efforts of ARHA, the FSS Coordinating Committee, the City of Alexandria, social services agencies, educational institutions, and the public and private sector, the FSS Program has developed a comprehensive approach that utilizes community partnerships to address the employment, educational, social, housing, and economic needs of participating families.

Subject to available resources, ARHA will continue to implement structured programs emphasizing education, training and employment through its Social Service Division to promote self-sufficiency for tenants living in ARHA housing or utilizing Section 8 Housing Choice Vouchers.

### **Public Housing Agency's Strategy to Serve the Housing Needs of Extremely Low-, Low- and Moderate Households**

For information on strategies to be utilized by ARHA to serve the housing needs of households with incomes at or below HUD's moderate-income limits, please refer to pages nine through 11 of ARHA's PHA Agency Plan for 2005-2009 in Appendix III.

#### **II.A.4 Housing Cost and Affordability**

For the purposes of the Consolidated Plan, the City has defined affordable rental housing as units for which the monthly rent does not exceed 30% of gross household income. Ideally for renters, the combined cost of rent and utilities should be within the 30% level, but as the estimation of utility costs is beyond the scope of this document, information provided below does not take this particular cost into account. Affordable ownership housing is defined as units for which the monthly mortgage payment (including principal, interest, taxes and insurance) does not exceed 35% of gross households income.

#### **Market Rate Rental Housing**

As shown in Table D below, the City's annual Market Rent Survey (which includes market rate rental properties with 10 or more units and reflects rent levels offered to new tenants) indicates that average rents for market rate apartment have increased substantially over the past 15 years. Market rate rents continued to rise in 2004 despite the fact that the vacancy rate was higher than in prior years. With the exception of efficiency units, between 1990 and 2004 average market rate rent levels in Alexandria have increased over 60% for all bedroom sizes.

**TABLE D**

<b>Average Monthly Rents on Market Rate Apartments (as of January 2004)</b>						
<b>Type of Unit</b>	<b>1990</b>	<b>2000</b>	<b>% Change 1990 to 2000</b>	<b>2004</b>	<b>% Change 2000 to 2004</b>	<b>% Change 1990 to 2004</b>
Efficiency	\$567	\$707	24.7%	\$840	18.8%	48.1%
One Bedroom	\$680	\$847	24.5%	\$1173	38.5%	72.5%
Two Bedroom	\$810	\$1034	27.7%	\$1357	31.2%	67.5%
Three Bedroom	\$923	\$1126	18%	\$1490	18%	61.4%

The annual household incomes needed to afford the January 2004 average market rate rents, based on rent not exceeding 30% of income, are shown in Table E.

**TABLE E**

<b>Income Required for Affordable Rent of Market Rate Rental Unit</b>		
<b>Type of Unit</b>	<b>Average Market Rate Rent (as of Jan. 2004)</b>	<b>Required Annual Income (if Rent = 30% of Income)</b>
Efficiency	\$840	\$33,600
One Bedroom	\$1173	\$46,950
Two Bedroom	\$1357	\$54,280
Three Bedroom	\$1490	\$59,600

Table F below provides estimates of the number of market rate rental housing units in the City affordable to lower-income households. According to these estimates, the number of market rate rental housing units in the City affordable to households in HUD's middle- and moderate-income categories (including single-person and large-family households) should be sufficient to meet demand. The supply of affordable market rate rental units for extremely low- and low-income households is less plentiful. It should be noted that the number of market rate rental units affordable to the various household types may be higher than estimated in this report, as data used to prepare the estimates does not include information on rental units in properties with fewer than 10 units and rent levels reflect the rents offered to new tenants. As longer-term tenants may be paying lower rents, the number of affordable market rate rental units may be higher than is shown in Table F.

HUD tabulations based on the 2000 U.S. Census indicate that approximately 9.4% all City households are renter households that fall specifically within HUD's moderate-income category. Given the 2004 estimate of the number of households in the City, it is likely there are as many as 6,257 moderate-income renter households of any size in the City, including single-person households and large families. As shown in Table F above, estimates based on the City's Market Rate Rent Survey (which reflect adjustments to HUD income categories based on unit size) indicate there are as many as 20,943 efficiency, one-, two- and three-bedroom units in market rate apartment complexes with 10 or more units affordable to households specifically within HUD's moderate-income category. While data is not available on the number of single person households that fall within HUD's moderate-income category, HUD tabulations based on the 2000 U.S. Census indicate that less than 1% of all City households are moderate-income large-family households. Based on the 2004 estimate of the number of households in the City it is likely that there are as many as 470 moderate-income large family households. Table F indicates that there may be as many as 1,243 three-bedroom market rate rental units alone affordable to such households.

**TABLE F**  
**Estimated Number of Rental & Ownership Housing Units Affordable**  
**to Households within Specified Income Limits<sup>8</sup>**

	Extremely Low- Income	Low-Income	Moderate- Income	Middle-Income
<b>MARKET RATE RENTAL</b>				
<i>(Affordability is based on rent payments at 30% of income for households falling specifically within each income category. The number of affordable units shown below is based on information reported in the City's 2004 Market Rate Rent Survey. Affordable rent levels were calculated for household sizes appropriate to the unit size.)</i>				
# of Affordable Efficiency Units	1	213	2,651	33
# of Affordable 1-BR Units	0	1,211	10,440	1,299
# of Affordable 2-BR Units	0	654	6,609	1,372
# of Affordable 3-BR Units	0	93	1,243	86
<b>SUBSIDIZED RENTAL UNITS</b>				
Units with Project-Based Subsidies	3,276			
Tenant-Based Housing Choice Vouchers	1,696			
<b>OWNERSHIP HOUSING UNITS</b>				
Affordable Price Range <i>(based on payment at 35% of income and 5% downpayment, no City assistance)</i>	up to \$74,250	up to \$147,200	up to \$201,000	up to \$245,000
# of Affordable Ownership Housing Units <i>(based on 2005 assessed value; assessed value is typically lower than market value)</i>	327 <i>[valued at up to \$74,999]</i>	1,287 <i>[valued from \$75,000 to \$149,999]</i>	3,485 <i>[valued from \$150,000 to \$199,999]</i>	3,958 <i>[valued from \$200,000 to \$249,999]</i>

For households of any size falling within HUD's extremely low- and low-income ranges, including single person and large family households, the supply of affordable market rate rental housing in the City is more restricted. HUD tabulations based on 2000 U.S. Census data indicate that 9% all City households are likely to be renter households that fall within HUD's extremely low-income category and another 8% are likely to be renter households that fall within HUD's

<sup>8</sup> Data on the number of rental housing units affordable to households in the various income ranges is based on the results of the City's 2004 Market Rate Rent Survey. The number of affordable rental units actually available in the City may be higher than estimated in this table as the survey includes only rental complexes with 10 or more units. In addition, rent levels captured by the survey reflect the rents offered to new tenants. As longer-term tenants may be paying lower rents, there may be more units currently affordable to lower-income households than indicated by survey results.

low-income category. Given the 2004 estimate of the number of households in the City, it is likely that there are as many as 5,990 extremely low-income and 5,325 low-income renter households of any size in the City. As shown in Table F above, estimates based on the City's Market Rate Rent Survey, which captures market rent levels for new tenants with adjustments to HUD income categories based on unit size, indicate that there may be as few as 2,291 efficiency, one-, two- and three-bedroom units in market rate apartment complexes with 10 or more units that have rent levels affordable to households within HUD's low-income category and there may be only one market rate rental unit affordable to households of any size within HUD's extremely low-income category. Due to the condominium conversions mentioned above, the number of affordable market rate rental units may be reduced even further.

Data is not available on the number of single person households with incomes at or below HUD's moderate-income limits. While the City is therefore unable to specifically address rental housing supply and demand issues for this particular population, it is worth noting that the City's Market Rate Rent Survey indicates that in apartment complexes with 10 or more units, only one unit of any size would be affordable to single-person households within HUD's extremely low-income category and only 1,424 efficiency and one-bedroom units would be affordable to single-person households within HUD's low-income category. For large family households, HUD tabulations based on 2000 U.S. Census indicates that based on the 2004 estimate of the number of City households there may be as many as 470 extremely low-income and 530 low-income large family households in the City. While 2000 U.S. Census data indicates that there are only 471 units with four or more bedrooms in the City, some two- and three-bedroom units may be suitable for large family households depending on their size and configuration. Based on rents offered to new tenants in market rate rental housing with 10 or more units, there are no two- or three- bedroom market rate rental units affordable to extremely low-income large families, but there are 747 two- and three-bedroom market rate rental units that may be affordable to large family households within HUD's low-income category.

As discussed below in Section II.B.1, HUD tabulations based on 2000 U.S. Census data for households at or below HUD's moderate-income limits indicate that low- and moderate-income renter households in the City, even those for which Table F shows a sufficient supply of affordable housing, are cost-burdened. This may be due to the fact that some of the market rate units affordable to households in lower income categories are actually occupied by households in higher income categories, thereby limiting the supply of available units affordable to households in specific income categories. According to data compiled by the Fannie Mae Foundation for its report entitled "Housing in the Nation's Capital 2004," as of 2000, approximately 37.3% of all rental units affordable to households within HUD's extremely low-income category, 54.1% of all rental units affordable to households within HUD's low-income category, and 55.1% of all City rental units affordable to households within HUD's moderate-income category may be occupied by households in higher income categories.

While assisted rental units are available, even with these units, the supply of rental housing affordable to households at or below HUD's low-income limits remains restricted. In addition, there are waiting lists for both public housing and Section 8 tenant-based rental assistance.

## Market Rate Ownership Housing

**Homeowners** - From 2000 to 2005, average assessed values for homes in the City increased substantially. As shown in Table G below, in 2005 the average assessed value of a residential unit in Alexandria was \$441,823 as compared to \$191,341 in 2000. Such increases are likely to create a cost burden for existing low- and moderate-income homeowners, particularly those who are elderly or disabled.

**TABLE G**

### Average Assessed Residential Property Values

Type of Housing Unit	1995*	2000*	% Change 1995-2000	2005	% Change 2000-2005
Single-family Home	\$228,212	\$257,604	12.9%	\$563,092	118.6%
Condominium	\$101,368	\$102,229	0.1%	\$287,765	181.5%
All Residential Units	\$175,006	\$191,341	9.3%	\$441,823	130.9%

\* Revised from previously published figures based on appeals.

**Homebuyers** - According to data maintained by the Northern Virginia Association of Realtors (NVAR), based on the average single-family sales price of \$586,719 and the average condominium sales price of \$309,021, the overall average sales price for ownership housing in Alexandria as of January 2005 was \$447,870.

Where affordability is based on having a housing payment (including principal, interest, taxes and insurance) that does not exceed 35% of income and assuming the buyer finances the purchase with a 30-year loan at the current market fixed interest rate of 5.75% and makes a 5% down payment, an affordable purchase price for a four-person household at the HUD middle-income limit of \$68,900 without any home purchase assistance would be approximately \$245,000. For a four-person household at the HUD moderate-income limit of \$58,000, an affordable purchase price without any home purchase assistance would be approximately \$201,000.

Metropolitan Regional Information Systems, Inc. (MRIS) data indicates that of the 3,531 ownership units that went to settlement during 2004, approximately 30% (or 1,049) were priced below \$250,000 and 9.5% (or 338) were priced between \$250,000 to \$300,000. Homeownership can therefore be affordable to households in HUD's middle- and moderate-income ranges, particularly when home purchase assistance is available. However, the opportunity to purchase housing has been restricted for households at all income levels due to the limited inventory of units on the market. While there were 3,351 sales during 2004 of homes potentially affordable to households within HUD's moderate- and middle-income categories, it is likely that during the

same period there were as many as 5,999 potential homebuyers in HUD's moderate-income category alone.<sup>9</sup>

Table F above provides detail on the number of ownership (and rental) housing units in the City affordable to households of varying sizes with incomes at or below the middle-income limits established by HUD.

## **II.B Renters - Housing Needs and Strategic Plan**

This section provides information on the housing needs of renters in Alexandria with incomes at or below HUD's middle-income limits, as well as on the City's strategy for addressing these needs during the Consolidated Plan period. As required by HUD, the City has completed HUD's Priority Needs Summary Table (HUD Table 2-A), which includes HUD data and City-established priority levels (based as required by HUD on whether the City or entities operating within the City will be funding related activities during the Consolidated Plan period) related to renter households within HUD's moderate-income limits. The City has also completed Table 2C, which identifies specific objectives for relevant renter households expected to be accomplished during the Consolidated Plan period. These tables and any related information required by HUD are available for review in Appendix II.

### **II.B.1 Needs Assessment for Renter Households**<sup>10</sup>

Problems Related to Cost - Table H below presents Housing Assistance Needs information for each of the HUD income categories (i.e., extremely low-, low- and moderate-income) based on current HUD tabulations of 2000 U.S. Census data. This data indicates that at the time of the Census 70.9% (or 4,014 out of a total of 5,662 extremely low-income renter households) of all renter households with incomes at or below HUD's extremely low-income limit were cost burdened (i.e., they were paying more than 30% of income for rent) and that 59.5% (or 3,369 extremely low-income households) were experiencing severe cost burden (i.e., they were paying more than 50% of income for rent). For households in HUD's low-income category, HUD tabulations indicate that at the time of the Census, 74.5% (or 3,586 out of a total of 4,813) were cost burdened and 18.3% (or 881 low-income households) were experiencing severe cost burden.

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<sup>9</sup> The number of potential moderate-income homebuyers in 2004 was calculated by applying the percentage of renter households of any size that fall within HUD's moderate-income category as tabulated by HUD based on 2000 U.S. Census data to the estimated number of households in the City as of 2004.

<sup>10</sup> HUD defines "households with housing problems" as those that meet one or more of the following criteria: (1) households occupying housing units that meet the Census definition of physical defects, such as a unit lacking a complete kitchen or bathroom; (2) households that meet the Census definition of overcrowded, defined as having more than one person per room; and/or (3) households who meet the HUD definition of cost-burdened, i.e., those that pay more than 30% of income for housing costs. For HUD purposes, households with a severe cost burden are those paying more than 50% of income for housing costs.

The incidence of cost burden for extremely low- and low-income renter households is consistent with information provided in Table F above, which indicates that there is a limited supply of rental housing affordable to renters in these income categories. For moderate-income renter households, Table F indicates that there is sufficient affordable market rate rental housing in the City; but HUD tabulations based on 2000 U.S. Census data show that at the time of the Census, 35.7% (or 2,081 out of a total of 5,830) of all such households in the City were cost burdened and that 2.6% (or 152 low-income households) were experiencing severe cost burden. As noted in Section II.A.4 above, this discrepancy may be explained at least in part by a trend identified by the Fannie Mae Foundation such that between 37% to 55% of the share of market rate rental units specifically affordable to households within each of HUD's extremely low-, low- and moderate-income categories are actually occupied by households with incomes higher than that of the relevant income-category. Therefore, while the supply of market rate rental unit for households within HUD's moderate-income category appears to be sufficient to meet demand, all such units may not be available to the City's moderate-income households.

*Problems Related to Physical Condition or Overcrowding* - As HUD tabulations based on 2000 U.S. Census data do not provide an estimate of the number of lower-income renter households in the City with problems specifically related to physical condition or overcrowding, the City is unable to quantify the number and type of lower-income renter households with such problems. It is worth noting however, as discussed above, that based on data taken directly from the 2000 U.S. Census, only 247 rental units in the City (or less than 1% of all rental units) had problems related to a lack of complete plumbing and 12% of all renter households of any income experienced overcrowding. As the rate at which these particular problems are likely to impact renter households with incomes at or below HUD's middle-income limits is relatively low, the City has determined that neither the physical condition of rental units nor overcrowding are substantial problems for such households.



TABLE H

## HUD Tabulations of Housing Problems (based on 2000 U.S. Census Data)

Name of Jurisdiction: Alexandria city, Virginia			Source of Data: CHAS Data Book			Data Current as of: 2000					
			Renters			Owners					
	Elderly 1 & 2 member households (A)	Small Related (2 to 4) (B)	Large Related (5 or more) (C)	All Other Households (D)	Total Renters (E)	Elderly 1 & 2 member households (F)	Small Related (2 to 4) (G)	Large Related (5 or more) (H)	All Other Households (I)	Total Owners (J)	Total Households (L)
Household by Type, Income, & Housing Problem											
1. Household Income <=50% MFI	1,896	3,489	938	4,152	10,475	1,027	527	165	618	2,337	12,812
2. Household Income <=30% MFI	1,353	1,755	440	2,114	5,662	497	248	25	258	1,028	6,690
3. % with any housing problems	57.1	82.3	100	77.8	76	76.9	89.9	100	86.4	83	77.1
4. % Cost Burden >30%	52.7	74.9	80.7	77.1	70.9	76.1	84.3	100	80.6	79.8	72.2
5. % Cost Burden >50%	42.8	59.5	56.8	70.7	59.5	51.1	66.5	100	77.5	62.6	60
6. Household Income >30% to <=50% MFI	543	1,734	498	2,038	4,813	530	279	140	360	1,309	6,122
7. % with any housing problems	68	79	89	90.9	83.8	40.6	78.5	82.1	86.1	65.6	79.9
8. % Cost Burden >30%	68	65.7	46.8	90.5	74.5	40.6	77.1	64.3	86.1	63.4	72.1
9. % Cost Burden >50%	33.1	12.9	3.6	22.6	18.3	23.6	32.3	50	40.3	32.8	21.4
10. Household Income >50 to <=80% MFI	390	1,890	430	3,120	5,830	585	404	92	440	1,521	7,351
11. % with any housing problems	55.1	56.1	76.7	45	51.6	30.8	65.3	79.3	68.2	53.7	52.1
12. % Cost Burden >30%	55.1	28.8	2.3	42	35.7	30.8	56.9	25	68.2	48.2	38.3
13. % Cost Burden >50%	16.7	1.1	0	2.1	2.6	12	14.9	4.3	18.2	14.1	5
14. Household Income >80% MFI	1,105	6,160	949	12,625	20,839	3,569	8,720	760	7,815	20,864	41,703
15. % with any housing problems	14.9	14.3	63.6	7.6	12.5	7	12.3	22.4	16.1	13.2	12.9
16. % Cost Burden >30%	11.3	2.2	0.4	5.6	4.6	7	10.6	10.5	15.8	11.9	8.3
17. % Cost Burden >50%	2.3	0.3	0	0.2	0.4	2	1	2.6	1.6	1.4	0.9
18. Total Households	3,391	11,539	2,317	19,897	37,144	5,181	9,651	1,017	8,873	24,722	61,866
19. % with any housing problems	44.9	41.2	78.4	29.5	37.6	19.8	18.4	37.7	23.6	21.3	31.1
20. % Cost Burden >30	41.9	27.2	26	27.6	28.7	19.7	16.4	21.4	23.1	19.7	25.1
21. % Cost Burden >50	25	11.3	11.6	10.3	12	10	4.1	11.7	6.2	6.4	9.8

*Other Issues for Renter Households* - Other factors that can limit housing opportunity for renter households in the City with incomes at or below HUD's middle-income include housing discrimination and social service needs that impede self-sufficiency (e.g., child care needs, job training, crisis intervention, etc.).

### **Single-Person and Large Family Renter Households**

Data on the number of single-person households in Alexandria with incomes at or below HUD's middle- and moderate-income limits (currently \$48,200 and \$40,600 respectively) is not available. Though the City is therefore unable to discuss rental housing needs specific to this particular population, it is worth noting that data from the City's 2004 Market Rate Rent Survey presented in Table F above indicates that there are as many as 13,091 efficiency and one-bedroom market rate rental units in the City affordable to single-person households within HUD's moderate-income category, but that given the rents offered to new tenants at the time, only 1,424 efficiency and one-bedroom units would be affordable to single-person households within HUD's low-income category and only one unit would be affordable to single-person households within HUD's extremely low-income category. Also worth noting is that in 2004, single persons constituted just over half of all homeless persons in the City and approximately 81% of all homeless households. A discussion of the needs of single homeless persons is provided in Section III below.

Though information on cost burden for households in Alexandria with incomes in HUD's middle-income ranges is not available, HUD tabulations based on 2000 U.S. Census data (see Table H) do indicate a prevalence of housing problems related to cost-burden for extremely low- and low-income large family households in the City.

As with lower-income households in general, no data on the number of lower-income large families experiencing problems specifically related to the physical condition of their rental unit or to overcrowding are available. It should be noted that although 2000 U.S. Census data indicate there are only 471 rental housing units in the City with four or more bedrooms, depending on size and configuration, some two- and three-bedroom units may be suitable for large family households.

### **Disproportionate Housing Need for Race/Ethnic Minority Renters**

For HUD purposes, disproportionate housing need for race/ethnic minorities exists when the percentage of persons in a category of need who are members of a particular race or ethnic group is at least 10 percentage points higher than the percentage of persons in that category as a whole.

HUD tabulations based on the 2000 U.S. Census indicate that housing problems are more prevalent among African-American and Hispanic renter households than among City renter households in general. As compared to the general population of renter households in the City, which experiences housing problems of any kind at a rate of 37.6%, problems are experienced by 44.2% of all non-Hispanic African-American renter households, by 64.6% of all Hispanic renter households, by 46.4% of all non-Hispanic Asian renter households, by 33.3% of all non-

Hispanic Pacific Islander renter households and by 29.2% of all non-Hispanic Native American renter households in the City.

## **II.B.2     Strategic Plan for Renter Households**

### **Goals and Outcomes**

General Goals - The City's general goals related to the needs of renter households in Alexandria with incomes at or below HUD's middle-income limits are to:

- Promote affordable housing opportunities for extremely low-, low- moderate-, and middle-income renters;
- Improve living conditions for public housing residents, encourage public housing residents to participate in property management activities and provide supportive services to renters at or below the HUD moderate-income limit to meet individual needs and promote self-sufficiency; and
- Promote compliance with applicable landlord-tenant laws and regulations by both landlords and tenants.

Specific Objectives - Within the general parameters of these goals, the City has established the following specific objectives for renter households at or below HUD's moderate-income limits:

- Preserve and maintain the existing supply of 1,150 public housing and replacement public housing units for households at or below HUD's moderate-income limits
- Subject to the availability of resources, preserve and maintain the existing supply of approximately 2,114 privately-owned rental units with project-based assistance available to households at or below HUD's moderate-income limits
- Provide tenant-based rental housing subsidies to an estimated 1,700 households per year that are at or below HUD's moderate-income limits
- Provide 500 rental housing units affordable to households at or below the limit used for the Low Income Housing Tax Credit Program of 60% of area median income through new development or preservation of existing affordable market rate rental housing
- Secure 50 affordable rental units in new development projects pursuant to the City's Affordable Housing Policy

By preserving the existing supply of affordable rental units, as well as by increasing the number of such units in the City and by providing rent assistance to bring market rate rental units into affordable ranges, the City's specific objectives address issues identified in the Housing Market Analysis (Section II.A) and the Needs Assessment for Renter Households (Section II.B) related to the limited supply of rental housing affordable to lower-income renter households in the City, as well as the cost burden experienced by such households.

As households at or below HUD's moderate-income limits have the greatest need, objectives involving the use of resources for tenant-based and project-based rental assistance will target this

population, particularly households with incomes at or below 60% of area median income. Objectives involving the use of resources to retain existing publicly- and privately-owned or to increase the supply of affordable rental housing may involve the rehabilitation and repair of existing affordable rental housing, acquisition of existing rental housing units by affordable housing providers using subsidized funding and/or the production of new affordable rental housing units.

Outcomes - Outcomes and outcome measures for activities undertaken to achieve the goals and objectives related to the needs of renter households with incomes at or below HUD's moderate-income limits are reflected in the Executive Summary and in the FY 2006 Action Plan, and will also be reflected in subsequent Annual Action Plans for this Consolidated Plan period.

### **Five-Year Strategies to Address Housing Needs of Renter Households**

The following strategies will be implemented to promote the City's general goals and specific objectives for renter households in Alexandria with incomes at or below HUD's middle-income limits, particularly those at or below HUD's moderate-income limits:

- ARHA (and the City government, as needed) will identify resources, to provide, maintain and preserve 1,150 public and public housing replacement units.
- ARHA and private entities will operate subsidized rental housing programs.
- ARHA will provide supportive services to improve living conditions for public housing residents and encourage public housing residents to participate in property management activities.
- City government and/or private entities will support the development and preservation of privately-owned subsidized rental housing, which at times may involve negotiation by the City government with rental property owners, as needed and subject to available resources, to preserve existing privately-owned affordable rental units.
- As needed and subject to available resources, public and private entities will operate special assistance programs (e.g., security deposit assistance) to help income-eligible renters secure or maintain housing.
- As needed and subject to available resources, public and private entities will operate special assistance programs (e.g., employment training, child care assistance, etc.) to help income-eligible households achieve self-sufficiency.
- Homeownership assistance will be provided to renter households, including residents of public housing to create affordable homeownership opportunity.
- City government will promote compliance with fair housing laws to ensure equal housing opportunity in the rental and ownership housing markets.

### **Use of Available Resources**

The following resources are expected to be available in the City during the Consolidated Plan period to promote goals and objectives for renter households at or below HUD's middle-income limits:

- Public Housing Operating Fund - Federal funds to operate public housing units;
- Section 8 Program - Federal funds to subsidize tenant- and project-based rental assistance;

- Hope VI - Federal funds to subsidize the redevelopment of 100 public housing units;
- HUD Capital Funds Program - Federal funds for public housing capital improvements;
- Resident Opportunity and Self-Sufficiency (ROSS) Program - Federal funds to subsidize supportive services for public housing residents;
- Low Income Housing Tax Credit Program - Federal tax credit for properties owners to support the development of affordable housing;
- Section 236 - Federal funds to subsidize the operation of affordable housing;
- Housing Opportunities Fund - Combination of City General Fund, federal Home Investments Partnership (HOME) Program and City Housing Trust Fund monies to promote the development and preservation of affordable housing;
- Housing Trust Fund - City funds (currently from developer contributions) to promote affordable housing;
- Affordable Housing Initiatives Account - This account includes a dedicated one cent on the real property tax rate to be used for affordable housing;
- Virginia Housing Development Authority (VHDA) Programs - funds provided under the Tax-Exempt Bond Program, Sponsoring Partnerships and Revitalizing Communities (SPARC) Program, and other loan programs to subsidize the development and preservation of affordable housing; and
- Contributions from Private Developers - Discounted sales prices or rents volunteered, or provided in exchange for bonus density in accordance with Virginia State Code §15.2-2304, by private developers to create affordable housing in new developments. Developers may provide monetary contributions to the Housing Trust Fund on the same basis for the support of affordable housing.
- Recordation Tax Revenues - The City's approved FY 2006 budget includes \$889,815 in funding from recordation tax revenues for affordable housing.

### **Support for Rental Housing Applications by Other Entities**

Applications for funding to acquire, rehabilitate or subsidize rental housing for households with incomes at or below HUD's middle-income limits will be supported by the City subject to City Council approval. Applications for funding to support residential services for renter households with incomes at or below HUD's middle-income limits will be supported by the City if they pertain to continuation of existing or similar activities to address resident needs and/or to promote self-sufficiency. Applications for funding to expand housing or residential services for renter households with incomes at or below HUD's middle-income limits would be supported by the City subject to City Council approval.

## **II.C. Homebuyers - Housing Needs and Strategic Plan**

This section provides information on the housing needs of homebuyers in Alexandria with incomes at or below HUD's middle-income limits, as well as on the City's strategy for addressing these needs during the Consolidated Plan period. As required by HUD, the City has completed HUD's Priority Needs Summary Table (HUD Table 2-A), which includes HUD data and City-established priority levels (based as required by HUD on whether the City or entities operating within the City will be funding related activities during the Consolidated Plan period) related to ownership housing for households within HUD's moderate-income limits. The City

has also completed Table 2C, which identifies specific objectives for lower-income homebuyers expected to be accomplished during the Consolidated Plan period. These tables and any related information required by HUD are available for review in Appendix II.

### **II.C.1 Homebuyer Needs Assessment<sup>11</sup>**

*Problems related to Cost* - High sales prices and the limited supply of existing ownership housing units that may be affordable to households at or below HUD's middle-income limits discussed above indicate that without home purchase assistance households in Alexandria with incomes at or below HUD's middle-income limits, particularly those at or below HUD's moderate-income limits, seeking to purchase homes will face a cost barrier. For example, the City estimates that in 2004 there were as many as 4,200 renter households of no more than four persons within HUD's moderate-income category; however, based on the assessed values for residential properties in the City in 2004 and the four-person HUD moderate-income limit of \$58,000, without home purchase assistance, there were 1,900 single-family and condominium units that may have been affordable to these potential homebuyer households and not all of these units were available for purchase.

*Problems Related to Condition and Overcrowding* - As prospective homebuyer households are typically renter households, please refer to Section II.B.1 above for a discussion of problems related to condition and overcrowding that prospective homebuyers may face as renters.

*Other Issues for Homebuyer Households* - Other factors that may limit housing opportunity for prospective homebuyer households in the City with incomes at or below HUD's middle-income limits include lack of knowledge about the home purchase process and housing discrimination in the sales housing market.

#### **Single-Person and Large Family Homebuyer Households**

The primary challenge for single-person households seeking homeownership is finding available housing in the City at a price they can afford. Income limits for single-person households are lower than for larger households, and translate into a lower affordable sales price, making fewer homes potentially available for those households than for larger households. Without assistance, a single-person household with an income at the one-person moderate-income limit of \$40,600 could afford to purchase a home priced at \$113,925. There are only six single-family units and 112 condominium units in the City with 2005 assessed values of \$100,000 or less. With assistance under the City's Homeownership Assistance Program with favorable first trust financing under the Virginia Housing Development Authority's SPARC program, a single person's affordable sales price increases to \$183,000. (Data on the number of homes assessed

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<sup>11</sup> HUD defines "households with housing problems" as those that meet one or more of the following criteria: (1) households occupying housing units that meet the Census definition of physical defects, such as a unit lacking a complete kitchen or bathroom; (2) households that meet the Census definition of overcrowded, defined as having more than one person per room; and/or (3) households who meet the HUD definition of cost-burdened, i.e., those that pay more than 30% of income for housing costs. For HUD purposes, households with a severe cost burden are those paying more than 50% of income for housing costs.

between \$100,000 and \$200,000) are not currently available but will be available for the final version of this document.)

For large households (those with five or more persons), the primary challenge in purchasing a home is likely to be the availability of affordable housing of sufficient size. The most affordable form of sales housing in the City is condominium housing. However, very few of the City's condominium units are of a suitable size to accommodate large families. The City's Department of Real Estate Assessments estimates that only 3% to 6% of the City's condominium units contain more than two bedrooms.

### **Disproportionate Need for Race/Ethnic Minority Homebuyers**

As prospective homebuyer households are typically renter households, please refer to Section II.B.1 above for a discussion of disproportionate need that homebuyer households may experience as renters.

## **II.C.2 Strategic Plan for Homebuyer Households**

### **Goals and Outcomes**

General Goal - The City's general goal related to the needs of homebuyer households in Alexandria with incomes at or below HUD's middle-income limits is to:

- Provide education, training and affordable homeownership opportunities to City residents with incomes at or below the HUD middle-income limits and to employees working within the City.

Specific Objectives - Within the general parameters of this goal, the City has established the following specific objectives for homebuyer households within HUD's middle-income limits:

- Provide financial assistance to 250 households meeting income and other eligibility criteria to secure ownership housing; and
- Educate 2,250 prospective low- and moderate-income homebuyers on the home purchase process.

These objectives address issues identified in the Housing Market Analysis (Section II.A) and the Needs Assessment for Homebuyer Households (Section II.C.1) related to the limited supply of ownership housing affordable to potential homebuyer households in the City with incomes at or below HUD's middle-income limits.

The City's objective involving the use of resources to assist with the acquisition of existing ownership housing units is intended to increase the supply of ownership housing affordable to households within specified income ranges.

Outcomes - The City is developing outcomes expected to result from activities undertaken to achieve the City's goals and objectives related to the needs of homebuyer households with incomes at or below HUD's middle-income limits. For more information on expected outcomes and on outcome measures, please refer to the City FY 2006 Action Plan in Section VII or to the relevant annual Action Plan update.

### **Five-Year Strategies for Homebuyer Households**

The following strategies will be implemented to promote the City's general goals and specific objectives for homebuyer households in Alexandria with incomes at or below HUD's middle-income limits:

- Public and/or private entities will provide homebuyer households meeting income and other eligibility criteria with downpayment and closing cost assistance and/or subsidized mortgage financing to help with the purchase of a home.
- Public and/or private entities will support the development and preservation of subsidized sales housing units.
- City government and/or private entities will provide training and counseling on the home purchase process to prospective low- and moderate-income homebuyers.
- As needed and subject to available resources, public and/or private entities will operate special assistance programs to help income-eligible homebuyers secure ownership housing.
- City government will promote compliance with fair housing laws to ensure equal housing opportunity in the rental and ownership housing markets.

### **Use of Available Resources**

The following resources are expected to be available in the City during the Consolidated Plan period to promote goals and objectives for homebuyer households at or below HUD's middle-income limits:

- Community Development Block Grant (CDBG) Program - Federal funds to subsidize home purchase assistance;
- Home Investments Partnership (HOME) Program - Federal funds, which may include monies allocated under the American Dream Downpayment Initiative (ADDI), to subsidize home purchase assistance;
- Housing Opportunities Fund - Combination of City General Fund, federal and City Housing Trust Fund monies to promote the development and preservation of affordable housing;
- Housing Trust Fund - City funds to promote affordable housing opportunities;
- Affordable Housing Initiatives Account - This account includes a dedicated one cent on the real property tax rate to be used for affordable housing;
- Virginia Housing Development Authority (VHDA) Programs - State funds provided under the Sponsoring Partnerships and Revitalizing Communities (SPARC) Program and other loan programs to provide mortgage financing with below market interest rates and/or downpayment and closing cost assistance; and



- Contributions from Private Developers - Voluntary contributions, or contributions provided in exchange for bonus density in accordance with Virginia State Code §15.2-2304, provided by developers to create affordable housing.
- Recordation Tax Revenues - The City's approved FY 2006 budget includes \$889,815 in funding from recordation tax revenues for affordable housing.

### **Support for Ownership Housing Applications by Other Entities**

Applications for funding to support homeownership activities will generally be supported by the City.

## **II.D. Existing Homeowners - Needs and Strategic Plan**

This section provides information on the housing needs of existing homeowners in Alexandria with incomes at or below HUD's middle-income limits, as well as on the City's strategy for addressing these needs during the Consolidated Plan period. As required by HUD, the City has completed HUD's Priority Needs Summary Table (HUD Table 2-A), which includes HUD data and City-established priority levels (based as required by HUD on whether the City or entities operating within the City will be funding related activities during the Consolidated Plan period) related to ownership housing for households within HUD's moderate-income limits. The City has also completed Table 2C, which identifies specific objectives for lower-income homeowners expected to be accomplished during the Consolidated Plan period. These tables and any related information required by HUD are available for review in Appendix II.

### **II.D.1 Existing Homeowner Needs Assessment<sup>12</sup>**

Problems Related to Cost - According to HUD tabulations based on 2000 U.S. Census data, at the time of the Census, 62% (or 2,383 households out of a total 3,858) of all homeowner households with incomes between HUD's low- and moderate-income limits were experiencing cost burden and 33% (or 1,287 low- and moderate-income homeowner households) were experiencing severe cost burden. Data on cost burden for specific income categories and household types is provided in Table H above. Increases in property taxes resulting from substantial increases in property value assessments are likely to contribute to the cost burden experienced by existing homeowners in Alexandria with incomes at or below HUD's middle-income limits.

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<sup>12</sup> HUD defines "households with housing problems" as those that meet one or more of the following criteria: (1) households occupying housing units that meet the Census definition of physical defects, such as a unit lacking a complete kitchen or bathroom; (2) households that meet the Census definition of overcrowded, defined as having more than one person per room; and/or (3) households who meet the HUD definition of cost-burdened, i.e., those that pay more than 30% of income for housing costs. For HUD purposes, households with a severe cost burden are those paying more than 50% of income for housing costs.

*Problems Related to Condition and Overcrowding* - While data from the 2000 U.S. Census indicates that at the time of the Census only 48 ownership units in the City (or less than 1% of all ownership units) had problems related to a lack of complete plumbing facilities, the City has determined that due to the age of the City's housing stock, existing lower-income homeowner households will require ongoing assistance to maintain their properties without experiencing undue financial burden.

As data is not available on the number of homeowner households within different income categories experiencing housing problems specifically related to overcrowding, the City is unable to discuss potential problems related to overcrowding for existing homeowners with incomes at or below HUD's middle-income limits.

*Other Issues for Homeowner Households* - Other factors that may affect housing stability for existing homeowner households in the City with incomes at or below HUD's middle-income limits include social service needs that impact self sufficiency.

### **Single-Person and Large Family Homeowner Households**

Data on the number of single-person households in Alexandria with incomes at or below HUD's middle-income limit (currently \$48,200) are not available. Therefore, the City is unable to discuss the specific needs of existing homeowners from this particular target group. For the purposes of the housing needs assessment for existing homeowners, the City will assume that the housing needs of single-person households at or below HUD's middle income limits are similar to those of lower-income households in general.

Information on the number of households in Alexandria with incomes in HUD's middle-income ranges is not available. Though HUD tabulations based on 2000 U.S. Census data indicate that at the time of the Census 54% of the City's 257 moderate-income large family homeowner households (earning no more than \$62,650 for a five-person household), were experiencing cost burden and 39% were experiencing severe cost burden, these percentages are similar to those for the City's lower-income households in general (62% and 33% respectively). The City is unable to discuss problems related to overcrowding for large families as data documenting need is not available.

### **Disproportionate Need for Race/Ethnic Minority Homeowners**

For HUD purposes, disproportionate housing need for race/ethnic minorities exists when the percentage of persons in a category of need who are members of a particular race or ethnic group is at least 10 percentage points higher than the percentage of persons in that category as a whole. However, the HUD-provided Census tabulations do not provide the number of households with housing problems by race/ethnicity.

HUD tabulations based on the 2000 U.S. Census indicate that housing problems are more prevalent among minority homeowner households than among City homeowner households in

general. As compared to the general population of homeowner households in the City, which experiences housing problems of any kind at a rate of 21.3%, problems are experienced by 34.2% of all non-Hispanic African-American homeowner households, by 39% of all Hispanic homeowner households, by 39.6% of all non-Hispanic Asian homeowner households, by 29.4% of all non-Hispanic Pacific Islander homeowner households and by 30.2% of all non-Hispanic Native American homeowner households in the City.

## **II.D.2     Strategic Plan for Existing Homeowners**

### **Goals and Outcomes**

General Goal - The City's general goal related to the needs of existing homeowners in Alexandria with incomes at or below HUD's middle-income limits is to:

- Improve living conditions and maintain affordability for existing homeowners within HUD's moderate-income limits.

Specific Objectives - Within the general parameters of this goal, the City has established the following specific objectives for existing homeowners households within HUD's moderate-income limits:

- Provide no-interest rehabilitation loans to 50-75 homeowner households with incomes at or below HUD's moderate-income limits; and
- Provide modest, free repairs or renovations to 200 owner-occupied housing units for households at or below HUD's moderate-income limits; and
- Reduce the property tax burden for an estimated 700 income-eligible households per year to promote housing affordability.

These objectives address issues identified in the Housing Market Analysis (Section II.A) and the Needs Assessment for Homeowner Households (Section II.D.1) related to the cost burden experienced by homeowner households in the City with incomes at or below HUD's middle-income limits, as well as the repair and maintenance needs of such households.

The City's objective involving the use of resources to rehabilitate existing ownership housing is intended to address repair and maintenance needs without creating undue financial burden for homeowners households within HUD's extremely low- to moderate-income ranges.

Outcomes - The City is developing outcomes and outcome measures for activities undertaken to achieve goals and objectives related to the needs of existing homeowners with incomes at or below HUD's middle-income limits. For more information on expected outcomes and on outcome measures, please refer to the City FY 2006 Action Plan in Section VII or to the relevant annual Action Plan update.

### **Five-Year Strategies for Existing Homeowners**

The following strategies will be implemented to promote the City's general goals and specific objectives for existing homeowners in Alexandria with incomes at or below HUD's moderate-income limits:

- City government will provide affordable rehabilitation loans to eligible homeowner households.
- Private entities will undertake low- or no-cost repair/rehabilitation activities at housing units owned and occupied by lower-income households.
- City government will provide property tax relief for eligible homeowners.
- City government will provide emergency assistance and supportive services to promote housing stability for eligible homeowners.

### **Use of Available Resources**

The following resources are expected to be available in the City during the Consolidated Plan period to promote goals and objectives for existing homeowner households at or below HUD's middle-income limits:

- Community Development Block Grant (CDBG) Program - Federal funds to subsidize home rehabilitation;
- Home Investments Partnership (HOME) Program - Federal funds to subsidize home rehabilitation;
- Housing Trust Fund - City funds to support home repair efforts; and
- Private Monies - Private donations received by Rebuilding Together Alexandria to support home repair efforts.

### **Support for Ownership Housing Applications by Other Entities**

Applications for funding to support homeownership activities will generally be supported by the City.

## **II.E. Fostering and Maintaining Affordable Housing**

In addition to implementing goals and objectives described above, affordable housing will be fostered and maintained within the City through the following means.

### **Resolution 830**

The City has long held the preservation of its existing assisted rental housing stock as one of its highest priorities. Under Resolution 830, the City and ARHA have a long-standing joint commitment to preserve and maintain, at a minimum, 1,150 publicly-assisted housing units.

This resolution assures that none of the 1,150 public housing units in existence when the Resolution was adopted in 1982 will be lost without one-for-one replacement.

### **The Affordable Housing Policy and Housing Trust Fund**

The City will continue to foster and maintain affordable housing through its Affordable Housing Policy, which was originally adopted by City Council in January 1993, revised in November 2002, and proposed for further revision in spring 2005. The policy sets forth the City's framework for the provision of affordable housing.

One of the most important elements of the Affordable Housing Policy is its establishment of the Affordable Housing Advisory Committee (AHAC), which advises City Council on issues regarding the Affordable Housing Policy, the Housing Trust Fund and the preservation and promotion of affordable housing. The Committee includes representatives from a cross-section of interests, including professionals from the real estate, finance, and legal professions; a builder/developer; a landlord; a homeowner; the ARHA Board of Commissioners; the faith community; a civic association; a renter; a City employer, and a group interested in the promotion of affordable housing.

The policy also establishes formal guidelines for the participation, on a voluntary compliance basis, of residential and commercial developers in the achievement of the City's affordable housing objectives through cash contributions or the provision of affordable units. The formula voluntary cash contribution has been \$1.00 per gross square foot of new development, but the City and the development community are in the process of discussing increases in the voluntary contribution amounts.

### **Housing Opportunities Fund**

The City established the Housing Opportunities Fund in February 2002 to promote the development and preservation of affordable sales and rental housing units in the City. This initiative was originally recommended by the City Manager's Affordable Housing Task Force in its final report, which was released in October 2001. The initiative was initially funded with a combined total of \$1 million dollars in HOME (including match), City General Fund and City Housing Trust Fund monies. A similar level of funding was allocated to the Housing Opportunities Fund in City FYs 2003 and 2004 and is anticipated once again for City FY 2005. HOME funds for this purpose were identified in the City FY 2002 Action Plan amendment submitted to HUD under the project name "Housing Development Assistance." Projects supported with HOME monies through the Housing Opportunities Fund will leverage funding from state, local and/or private resources.

Housing Opportunities Fund monies will be available to assist with feasibility studies, pre-development costs, land acquisition, new construction, rehabilitation, or other efforts to provide or preserve affordable housing. For the purposes of this initiative, affordable sales housing is generally defined as having a maximum sales price of \$250,000 (for a three-bedroom unit) and being sold to households that are within the City's income limits for its MIHP program (currently \$79,500 for a household of three or more persons). Affordable rental housing is

generally defined as having rent levels that do not exceed those used in the Low Income Housing Tax Credit (LIHTC) Program for households at 60% of the area median income paying 30% of their income for rent. Any HOME funds utilized for Housing Opportunities Fund projects will be subject to all applicable federal requirements, including income limits, rent levels and recapture or resale provisions.

### **New Non-Profit Housing Development Organization**

In November 2003, City Council endorsed the formation of a new non-profit housing development organization with a mission to produce and preserve affordable housing in Alexandria (primarily, but not limited to, multifamily rental housing) that will operate independently of the City. Multifamily rental housing supported by this organization will serve households with incomes of up to 60% of area median income (currently \$52,200 for a four-person household). Though sales housing supported by the organization may serve households with incomes of up to 100% of area median income (currently \$85,400 for four-person household), at least 75% of the sales housing units will serve households with incomes no greater than 80% of area median income (currently \$57,500 for a four-person household as defined by HUD). Housing provided through the efforts of this organization will be expected to remain affordable in perpetuity.

Though the housing corporation operates independently of the City, it is anticipated that, initially, the City will be its primary source of operating funds.